



LEGISLATIVE FISCAL OFFICE  
Streamlining Commission Analysis

Recommendation No. **RECOMMENDATION 110**  
Streamlining Draft **AGEDNES 31**

<b>Date:</b> February 26, 2010 11:21 AM	<b>Author:</b>
<b>Dept./Agy.:</b> Health and Hospitals	<b>Analyst:</b> Charley Rome
<b>Subject:</b> Villa Feliciano Complex	

This recommendation proposes that the Department of Health and Hospitals (DHH) continue to review operations of Villa Feliciano to determine the best future use of the medical complex either as a medical facility or otherwise. Specifically: 1) what is its appropriate role; 2) is there a more effective way to provide the same services or serve the same population; and 3) what is the long-term strategy to address the need that Villa Feliciano historically has filled.

EXPENDITURES	2010-11	2011-12	2012-13	2013-14	2014-15	5 -YEAR TOTAL
State Gen. Fd.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2010-11	2011-12	2012-13	2013-14	2014-15	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The potential savings for this recommendation is indeterminable. The Department of Health and Hospitals has indicated that two reviews of Villa’s operations have been conducted in recent years; however, a determination has not been made as to whether there is a need for a public facility to provide these services or if the capacity for treating the special population of patients at Villa can be developed in the private sector. Villa provides medical care and rehabilitative services to medically complex patients diagnosed with chronic diseases, disabilities, and terminal issues. According to DHH, Villa has provided a safety net for patients that the private sector does not or has not been able to care for. Past efforts to replace Villa residents have resulted in placement options for no more than 10% of residents. DHH has also indicated that if the department determines that it is feasible for the private sector to provide these services that it would take a year to implement. Alternatively, if DHH determines that these services will need to continue being provided by a public facility, then solutions would be developed to provide the services more efficiently.

Villa’s FY 10 appropriated budget was \$20,134,381 with 294 T.O.; however, recent mid-year budget cuts have reduced the budget to \$19,295,300 (\$754,097 SGF; \$17,381,759 IAT; \$713,492 SGR; \$445,952 Federal) and 253 T.O. As of January 25, 2010, the total number of patients served at Villa was 133. The current Medicaid per diem rates paid to Villa are as follows: Skilled Nursing Facility - \$285.98/day; Skilled Nursing Facility Infectious Disease - \$464.90/day; and Skilled Nursing Facility Technology Dependent Care - \$430.80/day. The per diem rate paid to private providers vary; however, the average rate for private nursing homes is approximately \$138/day; Infectious Disease approximately \$317/day; and Technology Dependent Care approximately \$306/day.

The Legislative Fiscal Office assumes that various factors would affect the potential savings that could be achieved by fully privatizing or partially privatizing Villa such as whether the facility was sold or leased to a private entity who would then operate the facility or if some of the residents could be moved to other private nursing facilities while the ones with more acute needs remained at Villa. For illustrative purposes, the LFO provides the example on page two to show how savings could be achieved solely based on the differences in per diem rates assuming that a private entity would operate the facility.  
(continued on page two)

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate	Dual Referral Rules	House	
<input type="checkbox"/> 13.5.1 >= \$500,000 Annual Fiscal Cost		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost	
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease	H. Gordon Monk Legislative Fiscal Officer



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CONTINUED EXPLANATION from page one: Page 2 of 2

**Medical Vendor Payments to Villa at an average rate of \$393.89 per day X 360 days X 133 patients X.96%**  
\$393.89 X 360 X 133 = \$18,859,453.20; \$18,859,453.20 X .96 = \$18,105,075.07; \$18,105,075.07 X 36.39% = \$6,588,436.82  
\$253.66 X 360 X 133 = \$12,145,240.80; \$12,145,240.80 X .96 = \$11,659,431.17; \$11,659,431.17 X 36.39% = \$4,242,867.00  
**Total SGF Match Savings = \$6,588,436.82 - \$4,242,867 = \$2,345,569.82**

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	<u>H. Gordon Monk</u>
<input type="checkbox"/> 13.5.1 >= \$500,000 Annual Fiscal Cost		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost	<b>H. Gordon Monk</b>
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease	<b>Legislative Fiscal Officer</b>